



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 14, 2005

Mr. Bob Jones
Bluffdale Sand and Gravel
5635 Waterbury Way, Suite C-100
Salt Lake City, Utah 84121

Subject: Acceptance of Notice of Intention to Commence Small Mining Operations, Bluffdale Sand and Gravel, Bluffdale Sand and Gravel Quarry, S/035/022, Salt Lake County, Utah

Dear Mr. Jones:

Thank you for your Notice of Intent (notice) and initial permit fee payment, received April 13, 2005, concerning your small mine located in the NE¼ SE¼ of Section 17, Township 4 South, Range 1 West, SLBM, Salt Lake County, Utah.

We have completed our review of your proposal and find that your notice satisfies the requirements of Rule R647-3 of the Utah Mined Land Reclamation Act of 1975, Title 40-8, et seq., Utah Code. The Division of Oil, Gas and Mining hereby accepts your notice.

While the Division does not "approve" Small Mine Notices, but only formally "accepts" Notices as being complete, the surety needs to receive Division "approval" before mining may commence. The Division's Acting Director, Mary Ann Wright, accepted and signed the reclamation contract and surety bond on April 14, 2005 (copies enclosed for your records). This letter serves as final approval of the surety; mining may now commence as outlined in your small mine notice.

We would like to remind you of certain other obligations. Approval from the Division does not constitute approval from other appropriate agencies, such as Bluffdale City and the Division of Air Quality. You should ensure that you are in compliance with any requirements these other agencies may have regarding such items as dust control, zoning, and haulage weight limits.

Mr. Bob Jones
Page 2 of 2
S/035/022
April 14, 2005

A map of the area you will be mining was sent to the Division of State History, and they concurred with a finding of No historic Properties Affected. If during the operation you find cultural resources, you must immediately cease operations and notify both the Division of State History and the Division of Oil, Gas and Mining.

The Findings and Conclusions from the March 21, 2005, Stop Work Conference require that you apply for a large mine permit (LMO) concurrently with operation of the small mine. We understand you have begun work on the LMO. Please be advised that you are not authorized to disturb beyond the five acre area outlined in the SMO application until the LMO is submitted and you have received written approval.

Thank you for your cooperation in finalizing this permitting action. In reply, please refer to file number S/035/022.

Sincerely,



for Susan M. White
Mine Program Coordinator
Minerals Regulatory Program

SW:PBB:jb
cc: Blaine Gehring, Bluffdale City
O:\M035-SaltLake\S0350022-Front_Gate\final\app-04142005.doc

FORM MR-RC
Revised January 21, 2005
RECLAMATION CONTRACT

File Number S/035/022

Effective Date April 14, 2005

Other Agency File Number _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECEIVED

APR 14 2005

RECLAMATION CONTRACT

---ooOoo---

DIV OF OIL GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>S/035/022</u>
(Mineral Mined)	<u>Surface Landscape Boulders</u>
	<u>Volcanic</u>
"MINE LOCATION":	
(Name of Mine)	<u>Bluffdale Mountain</u>
(Description)	<u>Bluffdale Sand & Gravel Inc</u>
	<u></u>
	<u></u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>Five (5) Acres</u>
(Legal Description)	<u>(Refer to Attachment A)</u>
	<u>description and ariel view map</u>
"OPERATOR":	
(Company or Name)	<u>Bluffdale Sand & Gravel, Inc</u>
(Address)	<u>5635 South Waterbury Way, Suite C-100</u>
	<u>Salt Lake City, Utah 84121</u>
	<u></u>
(Phone)	<u>(801) 274-3037</u>

"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

Robert A. Jones

5635 South Waterbury Way Suite C-100
Salt Lake City, Utah 84121

(801) 274-3037

"OPERATOR'S OFFICER(S)" & TITLE:

Robert A. Jones

President

Royal W. Richards

Vice-President

Reed C. Hawkes

Vice-President

Steven D. Jones

Secretary

SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Insurance Company of the West

"SURETY AMOUNT":

(Escalated Dollars)

\$17,000.00

"ESCALATION YEAR":

2006

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Bluffdale Sand & Gravel, Inc the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S/035/022 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Reclamation Plan and/or Notice of Intention approved/accepted by the Division on April 14, 2005. The Reclamation Plan and/or Notice of Intention, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Bluffdale Sand & Gravel Inc
Operator Name

By STEVEN D JONES
Authorized Officer (Typed or Printed)

Secretary
Authorized Officer - Position

[Signature]
Officer's Signature

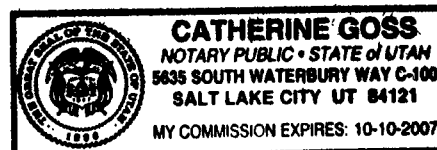
4/14/05
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 14 day of April, 2005, Steven D Jones
personally appeared before me, who being by me duly sworn did say that he/she is the
of Bluffdale Mountain Sand & Gravel and duly acknowledged
that said instrument was signed on behalf of said company by authority of its bylaws or
a resolution of its board of directors and said Secretary duly
acknowledged to me that said company executed the same.

Catherine Goss
Notary Public
Residing at Salt Lake City

10-10-2007
My Commission Expires:



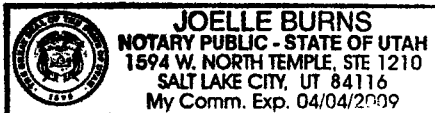
DIVISION OF OIL, GAS AND MINING:

By Mary Ann Wright
Mary Ann Wright, Acting Director

Date April 14, 2005

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 14th day of April, 2005, Mary Ann Wright personally appeared before me, who being duly sworn did say that she, the said Mary Ann Wright is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and she duly acknowledged to me that she executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns
Notary Public
Residing at: SLC Utah

April 4, 2009
My Commission Expires:

ATTACHMENT "A"

Bluffdale Sand & Gravel, INC.
Operator

Bluffdale Sand & Gravel
Mine Name

S/035/022
Permit Number

Salt Lake County, Utah

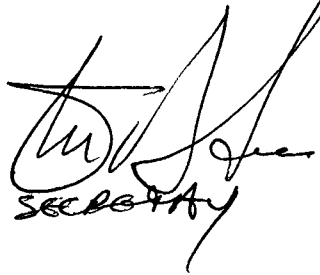
LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed five (5) acres under the approved / accepted permit and surety, as reflected on the attached map labeled _____ and dated April 14, 2005 :

LEGAL DESCRIPTION

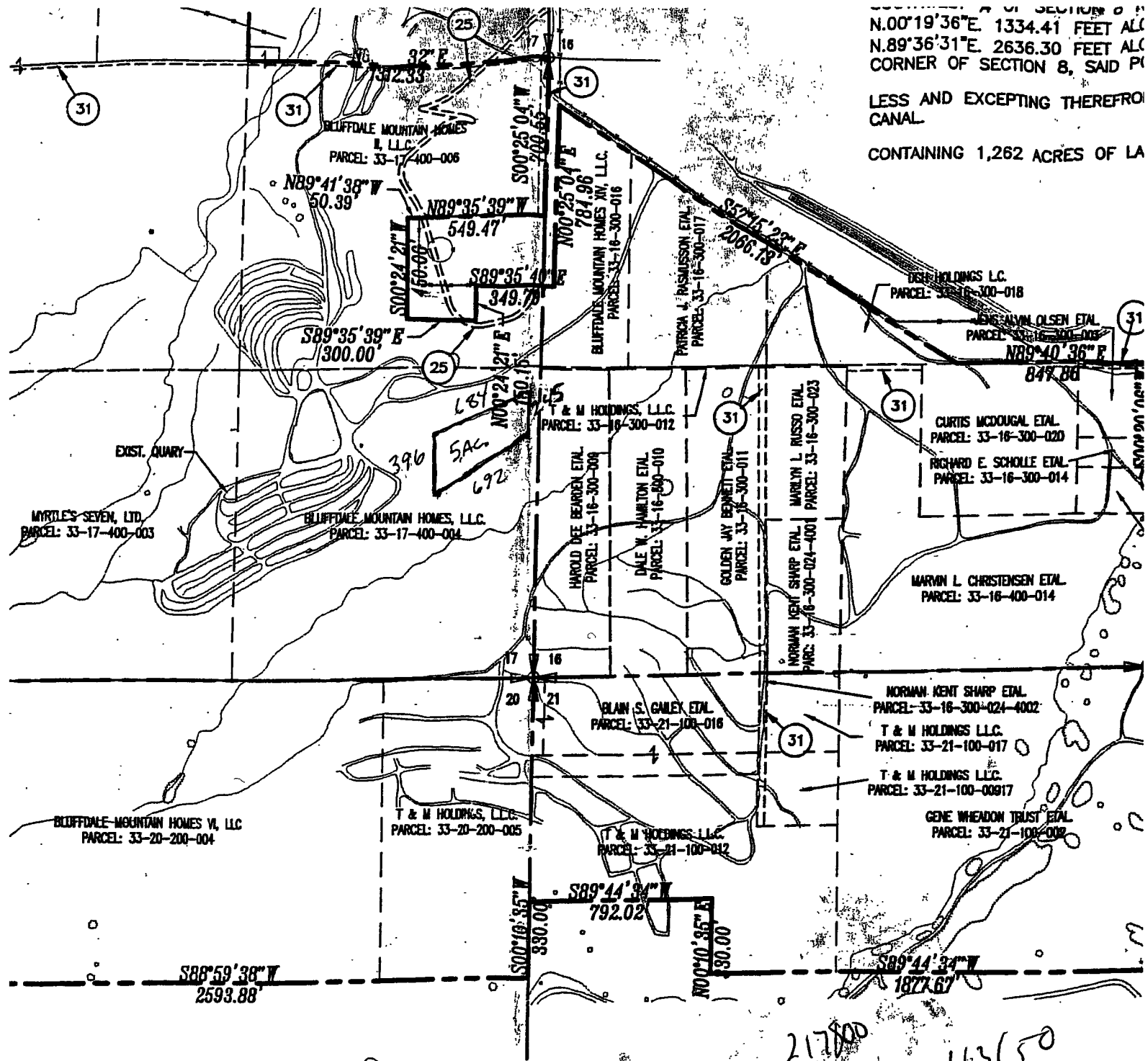
Northeast Quarter of the South East Quarter of Section
17, Township 4 South, Range 1 West, Salt Lake Base and Meridian


Secretary 4-14-05

N.00°19'36"E. 1334.41 FEET AL
N.89°36'31"E. 2636.30 FEET AL
CORNER OF SECTION 8, SAID P

LESS AND EXCEPTING THEREFRO
CANAL

CONTAINING 1,262 ACRES OF LA



Attachment C
April 14, 2005

217800
218250
43650



Stanley Consultants INC.

5353 S 960 E, Suite 220, Salt Lake City, Utah 84117-7269
www.stanleygroup.com

ATTACHMENT B

FORM MR-5
November 1, 2004

Bond Number _____
Permit Number S/035/022
Mine Name Bluffdale Sand & Gravel

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

RECEIVED

APR 14 2005

THE MINED LAND RECLAMATION ACT

SURETY BOND

DIV OF OIL GAS & MINING

The undersigned Bluffdale Sand & Gravel, Inc., as Principal, and
Insurance Company of the West, as Surety, hereby jointly and
severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and
severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal sum of
Seventeen Thousand and 00/100----- dollars (\$ 17,000.00).

Principal has estimated in the Mining and Reclamation Plan or Notice approved /accepted by
the Division on the 14th day of April, 20 05, that Five (5) acres of land will be
disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation
Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the approved / accepted Mining and
Reclamation Plan or Notice and has faithfully performed all requirements of the Mined Land
Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then
this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan or Notice provides for periodic partial reclamation of the
disturbed lands, and if the lands are reclaimed in accordance with such Plan or Notice, Act and
regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

Bond Number _____
Permit Number S/035/022
Mine Name Bluffdale Sand and Gravel
Other Agency File Number _____

In the converse, if the Mining and Reclamation Plan or Notice provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

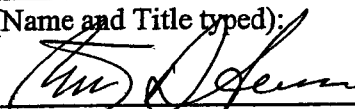
Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

BLUFFDALE SAND & GRAVEL, INC.
Principal (Permittee)

STEVEN D. JONES CORPORATE SECRETARY
By (Name and Title typed):


Signature

4-14-05
Date

Surety Company

Insurance Company of the West
Surety Company Name

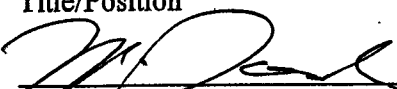
960 West LeVoy Dr. St. 230
Street Address

Michael Wade
Surety Company Officer

Salt Lake City, Utah 84123
City, State, Zip

Attorney in Fact
Title/Position

(801) 685-7450
Phone Number


Signature

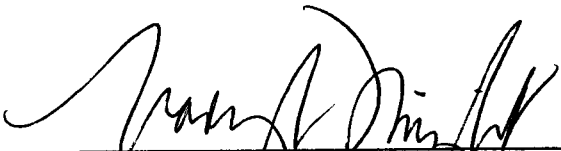
4/12/05
Date

Page 3
MR-5 (revised November 1, 2004)
Attachment B

Bond Number _____
Permit Number S/035/022
Mine Name Bluffdale Sand & Gravel
Other Agency File Number _____

SO AGREED this ^{14 man}~~12~~ day of April, 20 05.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:



Mary Ann Wright, Acting Director
Utah State Division of Oil, Gas and Mining

***NOTE:** Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

Bond Number _____
Permit Number S/035/022
Mine Name Bluffdale Sand & Gravel
Other Agency File Number _____

AFFIDAVIT OF QUALIFICATION

On the 12 day of April, 2005, _____
personally appeared before me, who being by me duly sworn did say that he/she, the said
~~attorney in fact~~ Michael Wade is the attorney in fact of
Insurance Company of Utah and duly acknowledged that said instrument was signed on behalf
of said company by authority of its bylaws or a resolution of its board of directors and said
Michael Wade duly acknowledged to me that said company executed the same, and that
he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized
to execute the same and has complied in all respects with the laws of Utah in reference to becoming
sole surety upon bonds, undertaking and obligations.

Signed: [Signature]
Surety Officer

Title: Attorney in Fact

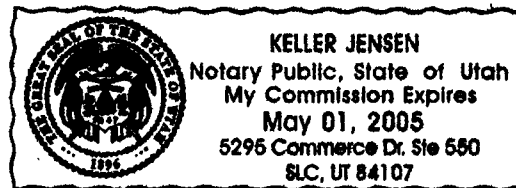
STATE OF Utah)
COUNTY OF Salt Lake) ss:

Subscribed and sworn to before me this 12 day of April, 2005.

[Signature]
Notary Public
Residing at: Salt Lake City, Ut

My Commission Expires:

May 1, 2005



**ICW GROUP
Power of Attorney**

**Insurance Company of the West
The Explorer Insurance Company Independence Casualty and Surety Company**

KNOW ALL MEN BY THESE PRESENTS: That Insurance Company of the West, a Corporation duly organized under the laws of the State of California, The Explorer Insurance Company, a Corporation duly organized under the laws of the State of Arizona, and Independence Casualty and Surety Company, a Corporation duly organized under the laws of the State of Texas, (collectively referred to as the "Companies"), do hereby appoint

**KELLER JENSEN, BRIAN RUECKERT, JOHN SCHLICHTE
VICKI WATSON, MICHAEL WADE, DEILA ZEEH**

their true and lawful Attorney(s)-in-Fact with authority to date, execute, sign, seal, and deliver on behalf of the Companies, fidelity and surety bonds, undertakings, and other similar contracts of suretyship, and any related documents.

In witness whereof, the Companies have caused these presents to be executed by its duly authorized officers this 16th day of January, 2001.



John H. Craig

John H. Craig, Assistant Secretary

**INSURANCE COMPANY OF THE WEST
THE EXPLORER INSURANCE COMPANY
INDEPENDENCE CASUALTY AND SURETY
COMPANY**

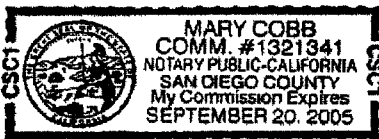
John L. Hannum

John L. Hannum, Executive Vice President

State of California }
County of San Diego } ss.

On December 5, 2003, before me, Mary Cobb, Notary Public, personally appeared John L. Hannum and John H. Craig, personally known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the entity upon behalf of which the persons acted, executed the instrument.

Witness my hand and official seal.



Mary Cobb

Mary Cobb, Notary Public

RESOLUTIONS

This Power of Attorney is granted and is signed, sealed and notarized with facsimile signatures and seals under authority of the following resolutions adopted by the respective Boards of Directors of each of the Companies:

"RESOLVED: That the President, an Executive or Senior Vice President of the Company, together with the Secretary or any Assistant Secretary, are hereby authorized to execute Powers of Attorney appointing the person(s) named as Attorney(s)-in-Fact to date, execute, sign, seal, and deliver on behalf of the Company, fidelity and surety bonds, undertakings, and other similar contracts of suretyship, and any related documents.

RESOLVED FURTHER: That the signatures of the officers making the appointment, and the signature of any officer certifying the validity and current status of the appointment, may be facsimile representations of those signatures; and the signature and seal of any notary, and the seal of the Company, may be facsimile representations of those signatures and seals, and such facsimile representations shall have the same force and effect as if manually affixed. The facsimile representations referred to herein may be affixed by stamping, printing, typing, or photocopying."

CERTIFICATE

I, the undersigned, Assistant Secretary of Insurance Company of the West, The Explorer Insurance Company, and Independence Casualty and Surety Company, do hereby certify that the foregoing Power of Attorney is in full force and effect, and has not been revoked, and that the above resolutions were duly adopted by the respective Boards of Directors of the Companies, and are now in full force.

IN WITNESS WHEREOF, I have set my hand this 12 day of April, 2005.

John H. Craig

John H. Craig, Assistant Secretary

To verify the authenticity of this Power of Attorney you may call 1-800-877-1111 and ask for the Surety Division. Please refer to the Power of Attorney Number, the above named individual(s) and details of the bond to which the power is attached. For information or filing claims, please contact Surety Claims, ICW Group, 11455 El Camino Real, San Diego, CA 92130-2045 or call (858) 350-2400.